

261—55.3(15) Application and approval.

55.3(1) *Application procedures.* Application materials may be obtained from the authority or microloan service provider.

55.3(2) *Maximum funding levels.* In no case shall an award exceed \$50,000. The interest rate charged shall not exceed 5 percent per annum or be less than 0 percent per annum. A targeted small business shall not receive a loan under the program that provides more than 90 percent of the funding for a project. All applicants must invest at least 10 percent of the total project budget in cash.

55.3(3) *Term.* The term of a loan shall not exceed five years.

55.3(4) *Eligible uses of funds.* Program funds shall be used for legitimate business expenses, including, but not limited to, the following purposes: purchase of equipment and furnishings, inventory, purchase of and improvements to land and buildings and specific operating expenses.

55.3(5) *Ineligible uses of funds.* Program funds shall not be used to refinance existing debt. For the purposes of this subrule, existing debt does not include interim financing for allowable program purposes intended as a bridge loan obtained after the date a program loan is approved. Program funds shall not be used to facilitate financing of a project which would consist solely of relocation of an existing business within Iowa.

55.3(6) *Threshold criteria.* Applicants for funds under the program must meet the following minimum criteria before their applications will be considered complete and eligible for evaluation:

a. The business must be eligible for certification as a targeted small business pursuant to 261—Chapter 52 at the time of application. The authority or microloan service provider will educate applicants about the benefits of such certification and encourage applicants to seek certification.

b. An applicant must be a resident of Iowa for at least six months to be eligible to apply for assistance. Applicants may be asked to provide necessary documentation to prove legal residency.

c. All applicants shall comply with the requirements of 261—Chapter 172.

55.3(7) *Submittal process.* All applications and related informational materials shall be submitted on forms prescribed by and in the manner prescribed by the authority or microloan service provider.

55.3(8) *Review process.*

a. Applications are reviewed for completeness. If additional information is required, the authority or microloan service provider shall send the applicant notice to submit additional information. If the requested information is not provided by the deadline indicated in the notice, the application may be considered incomplete or ineligible.

b. The authority or microloan service provider will establish a committee of at least three individuals to review all applications.

55.3(9) *Evaluation.* Applications are evaluated according to the following criteria:

a. Applicant credit score and outstanding liabilities.

b. Source(s) of the applicant's income.

c. Debt service coverage ratio.

55.3(10) *Negotiations of funds awarded.*

a. The authority reserves the right to negotiate the amount, term, interest rate, and other conditions of the loan prior to award. The amount, term, interest rate, and other conditions may be negotiated by a microloan service provider on behalf of the authority.

b. The authority or microloan service provider may decline to award funds to a business if there is a negative credit report (e.g., bankruptcy, foreclosure, tax liens, or unpaid or past due child support).

55.3(11) *Award decision.* If an application is approved by the review committee, the applicant business will receive an award letter which shall state the amount of award, conditions of the award, any security agreements, and the amount of monthly loan repayments. If an application is denied by the review committee, the applicant will receive a denial letter stating the reason for denial.

55.3(12) *Reapplication.* An applicant whose application is denied by the review committee cannot resubmit an application for the program for 90 days (3 months) from the date of the denial letter.

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